

# the condition of education 2006



## INDICATOR 44

### Changes in Sources of Public School Revenue

The indicator and corresponding tables are taken directly from *The Condition of Education 2006*. Therefore, the page numbers may not be sequential.

Additional information about the survey data and supplementary notes can be found in the full report. For a copy of *The Condition of Education 2006*, visit the NCES website (<http://nces.ed.gov/pubsearch/pubsinfo.sap?pubid=2006071>) or contact ED PUBs at 1-877-4ED-PUBS.

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# Finance

## Changes in Sources of Public School Revenue

*The proportion of total public school revenue from property taxes declined in both the Midwest and Northeast from 1989–90 to 2002–03, while the proportion grew in the South and West.*

From 1989–90 to 2002–03, total elementary and secondary public school revenues increased 47 percent in constant dollars. During this period, the total amount from each revenue source (federal, state, and local) increased (see supplemental table 44-1), though not at the same rate. Federal and state revenues increased at a faster rate than all local revenues (both property tax revenue and other local revenue). Thus the proportion of total revenue for public elementary and secondary education from local sources declined, from 47 percent in 1989–90 to 43 percent in 2002–03 (see supplemental table 44-2), while the proportion of total revenue flowing to public schools from both federal and state sources increased between these years.

Although total revenues for elementary and secondary public schools increased in each region, different regional patterns of change in the distribution of public school revenues are evident. The Midwest experienced the largest decreases in the proportion of total revenue from local sources: local funding there dropped from 55 percent of all revenue for public elementary and secondary education in 1989–90 to 43 percent in

2002–03. Declines in the proportion of property tax revenue accounted for most of this decrease.<sup>1</sup> The Northeast also experienced declines in the proportion of revenue from local sources. In both regions, there were increases in the proportion of total revenue from federal and state sources.

The South and West during this period experienced little change (less than 1 percentage point) in the proportion of total revenue from local sources. However, the proportion of funding from property tax revenues in the South increased from 27 percent in 1989–90 to 31 percent in 2002–03, while it increased from 24 to 25 percent in the West. In both the South and the West, the proportion of revenue from state sources decreased and the proportion from federal sources increased.

In 2002–03, as in earlier years, the Northeast relied to a greater degree on property tax revenues than the other regions. The difference in their reliance on property tax revenues between the Northeast and the Midwest was greater in 2002–03 than in 1989–90. Conversely, the differences between the Northeast and the other two regions were greater in 1989–90 than in 2002–03.

<sup>1</sup> There was a decline in the property tax in Michigan from 1993–94 to 1994–95. During that period, the proportion of total revenue from property taxes fell from 59 to 21 percent in Michigan and from 46 to 39 percent for all the Midwest.

NOTE: Detail may not sum to totals because of rounding. Other local government revenue includes revenue from such sources as local nonproperty taxes, investments, and revenue from student activities, textbook sales, transportation and tuition fees, and food services. Property tax revenue and other local government revenues were imputed for Texas for 1992–93. See supplemental note 11 for information about revenue for public elementary and secondary schools. Estimates are revised from previous publications.

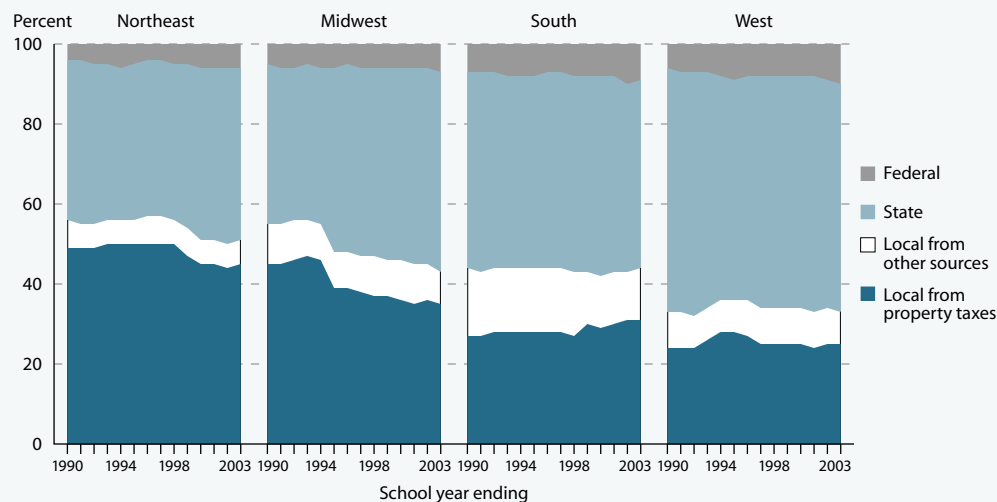
SOURCE: U.S. Department of Education, National Center of Education Statistics, The NCES Common Core of Data (CCD), "National Public Education Financial Survey," 1989–90 to 2002–03, previously unpublished tabulation (July 2005).

FOR MORE INFORMATION:

Supplemental Notes 1, 3, 11  
Supplemental Tables 44-1,  
44-2



**CHANGES IN REVENUE SOURCES: Percentage distribution of total revenue for public elementary and secondary schools, by region and revenue source: 1989–90 to 2002–03**



## Changes in Sources of Public School Revenue

**Table 44-1. Total revenue for public elementary and secondary schools, by region and revenue source: Selected years, 1989–90 to 2002–03**

[Billions of constant 2003–04 dollars]								
Region and revenue source	1989–90	1991–92	1993–94	1995–96	1997–98	1999–2000	2001–02	2002–03
<b>United States</b>								
<b>Total</b>	<b>\$305.8</b>	<b>\$315.7</b>	<b>\$331.0</b>	<b>\$346.6</b>	<b>\$375.1</b>	<b>\$409.8</b>	<b>\$437.9</b>	<b>\$449.6</b>
Federal	18.6	20.9	23.3	23.0	25.5	29.8	34.6	38.3
State	144.0	146.4	149.5	164.7	181.4	202.9	215.6	218.9
Local	143.1	148.5	158.2	158.9	168.1	177.2	187.7	192.4
From property taxes	109.8	115.6	124.4	122.6	127.9	137.1	147.3	151.7
From other sources	33.3	32.9	33.8	36.3	40.2	40.1	40.4	40.7
<b>Northeast</b>								
<b>Total</b>	<b>75.2</b>	<b>76.7</b>	<b>79.1</b>	<b>81.8</b>	<b>85.1</b>	<b>93.0</b>	<b>99.4</b>	<b>103.6</b>
Federal	3.5	3.9	4.2	4.1	4.3	5.1	5.8	6.6
State	30.2	30.3	30.4	31.7	33.1	39.8	44.1	44.2
Local	41.4	42.5	44.5	46.0	47.7	48.1	49.4	52.9
From property taxes	36.6	37.7	39.8	40.7	42.3	42.2	43.6	47.0
From other sources	4.9	4.7	4.7	5.3	5.4	5.9	5.8	5.8
<b>Midwest</b>								
<b>Total</b>	<b>71.8</b>	<b>74.5</b>	<b>79.6</b>	<b>83.9</b>	<b>90.9</b>	<b>97.0</b>	<b>103.3</b>	<b>102.9</b>
Federal	3.9	4.4	4.8	4.8	5.4	6.2	7.1	7.8
State	28.4	28.3	31.0	39.2	42.8	46.6	50.3	51.0
Local	39.5	41.9	43.8	40.0	42.6	44.2	45.9	44.1
From property taxes	32.3	34.3	36.7	32.4	33.9	34.9	36.6	35.4
From other sources	7.2	7.5	7.2	7.6	8.6	9.3	9.3	8.6
<b>South</b>								
<b>Total</b>	<b>94.6</b>	<b>97.8</b>	<b>103.3</b>	<b>109.7</b>	<b>118.9</b>	<b>131.1</b>	<b>138.1</b>	<b>141.2</b>
Federal	6.9	7.6	8.7	8.4	9.5	10.9	12.8	13.9
State	46.5	47.4	49.6	53.7	58.7	65.3	65.4	65.8
Local	41.2	42.8	45.0	47.6	50.8	54.8	60.0	61.5
From property taxes	25.6	27.7	28.6	30.4	31.8	38.2	43.0	43.7
From other sources	15.6	15.1	16.4	17.2	18.9	16.6	17.0	17.9
<b>West</b>								
<b>Total</b>	<b>64.2</b>	<b>66.7</b>	<b>69.0</b>	<b>71.2</b>	<b>80.2</b>	<b>88.8</b>	<b>97.1</b>	<b>101.9</b>
Federal	4.4	4.9	5.7	5.7	6.4	7.6	8.9	10.0
State	38.9	40.5	38.4	40.1	46.8	51.2	55.8	57.9
Local	20.9	21.3	24.9	25.4	27.1	30.0	32.4	33.9
From property taxes	15.3	15.9	19.4	19.1	19.8	21.7	24.1	25.6
From other sources	5.6	5.5	5.5	6.3	7.2	8.3	8.4	8.4

NOTE: Detail may not sum to totals because of rounding. Estimates are revised from previous publications. Revenues are in constant 2003–04 dollars, adjusted using the Consumer Price Index (CPI). See *supplemental note 11* for information about the CPI and revenue types. *Supplemental note 1* identifies the states in each region. See *supplemental note 3* for more information about the Common Core of Data (CCD).

SOURCE: U.S. Department of Education, National Center for Education Statistics, The NCES Common Core of Data (CCD), "National Public Education Financial Survey," 1989–90 to 2002–03, previously unpublished tabulation (July 2005).

## Changes in Sources of Public School Revenue

**Table 44-2. Percentage distribution of total revenue for public elementary and secondary schools, by region and revenue source: Selected years, 1989–90 to 2002–03**

Region and revenue source	1989–90	1991–92	1993–94	1995–96	1997–98	1999–2000	2001–02	2002–03
<b>United States</b>								
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Federal	6.1	6.6	7.1	6.6	6.8	7.3	7.9	8.5
State	47.1	46.4	45.2	47.5	48.4	49.5	49.2	48.7
Local	46.8	47.0	47.8	45.9	44.8	43.2	42.9	42.8
From property taxes	35.9	36.6	37.6	35.4	34.1	33.4	33.6	33.7
From other sources	10.9	10.4	10.2	10.5	10.7	9.8	9.2	9.1
<b>Northeast</b>								
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Federal	4.6	5.1	5.3	5.0	5.0	5.4	5.9	6.4
State	40.2	39.5	38.4	38.7	38.9	42.8	44.4	42.6
Local	55.1	55.4	56.3	56.3	56.0	51.7	49.7	51.0
From property taxes	48.7	49.2	50.3	49.8	49.8	45.4	43.9	45.4
From other sources	6.5	6.2	6.0	6.5	6.3	6.3	5.8	5.6
<b>Midwest</b>								
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Federal	5.4	5.9	6.0	5.7	6.0	6.4	6.9	7.6
State	39.6	37.9	39.0	46.7	47.2	48.0	48.7	49.6
Local	55.0	56.2	55.0	47.6	46.9	45.6	44.4	42.8
From property taxes	45.0	46.1	46.0	38.6	37.4	36.0	35.5	34.5
From other sources	10.1	10.1	9.0	9.0	9.5	9.6	9.0	8.4
<b>South</b>								
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Federal	7.3	7.8	8.4	7.6	8.0	8.3	9.2	9.8
State	49.1	48.5	48.0	49.0	49.3	49.8	47.3	46.6
Local	43.6	43.8	43.5	43.4	42.7	41.8	43.4	43.6
From property taxes	27.1	28.3	27.6	27.7	26.8	29.1	31.1	30.9
From other sources	16.5	15.5	15.9	15.7	15.9	12.7	12.3	12.7
<b>West</b>								
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Federal	6.8	7.3	8.2	8.1	7.9	8.6	9.2	9.8
State	60.6	60.7	55.7	56.3	58.3	57.6	57.4	56.9
Local	32.6	32.0	36.1	35.6	33.7	33.8	33.4	33.3
From property taxes	23.8	23.8	28.1	26.8	24.7	24.5	24.8	25.1
From other sources	8.8	8.2	8.0	8.8	9.0	9.3	8.6	8.2

NOTE: Detail may not sum to totals because of rounding. Estimates are revised from previous publications. *Supplemental note 1* identifies the states in each region. See *supplemental note 11* for further information about revenue types. See *supplemental note 3* for more information about the Common Core of Data (CCD).

SOURCE: U.S. Department of Education, National Center for Education Statistics, The NCES Common Core of Data (CCD), "National Public Education Financial Survey," 1989–90 to 2002–03, previously unpublished tabulation (July 2005).